

BMS official

24 AUG 1981

MEMORANDUM FOR: Director of Data Processing
 Director of Security
 Director of Communications
 Director of SIGINT Operations
 Chief, Logistics & Procurement Law Division, CGC

FROM:

[REDACTED]
 Director of Logistics

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SUBJECT: Procurement of ADPE of Foreign Manufacture

1. This memorandum includes in paragraph 4 a specific request for action and involvement by your office.

2. The Office of Data Processing, in a 21 April 1981 memorandum from the Chief of its Management Staff to the Chief of Procurement Division, OL, proposed that the following procurement policy be established:

"It is the policy of the Office of Data Processing that automatic data processing equipment which is substantially of foreign manufacture will not be procured for use in Office of Data Processing computer networks."

The above policy proposal was based on concerns that equipment could be altered for surveillance or disruptive purposes during manufacture; the possible embargo of spares, upgrades, engineering changes, servicing and follow-on technology; alteration of equipment for surveillance or disruptive purposes during servicing, difficulty in accessing engineering/manufacturing personnel, and, finally, the undesirable necessity of having to utilize foreign nationals for maintenance of hardware/software. The concerns expressed by ODP are supported in a June 1981 memorandum from [REDACTED] Chief of the Office of Security's Information Systems Security Group.

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3. The need for stringent security with regard to the Agency's automated systems is paramount; however, there are a number of concerns which must be resolved before we implement the proposed policy. These include such matters as excluding any number of suppliers from competition for Agency business, cutting ourselves off from advances in technology by foreign manufacture, noncompliance with the Brooks Bill which is the "bible" for management of ADPE acquisition in Federal Government, what apparatus is necessary within CIA to manage such a policy, what additional requirements should be placed on domestic suppliers to make certain that the kind of intrusion we are

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protecting against from foreign suppliers does not occur by infiltration of domestic supplier ranks, etc. To fully identify the threat, work out the various problems, develop an Agency Headquarters Regulation, and establish an Agency organization for implementing the new policy, I believe that a task force should be established. Representatives of the addressee components are considered to have significant interest in this matter. The urgency of getting on with this effort is critical, as several large ADPE procurements are scheduled to occur during the next several months.

4. It is requested that addressees designate an officer from their respective components to serve on a task force to consider the entire problem of procurement of ADPE of foreign manufacture. Their goal will be to recommend an Agency policy, to draft a Headquarters Regulation, identify any necessary actions with outside parties, such as Congressional Oversight, National Security Council, notice in the Federal Register, etc., and recommend organizational changes necessary to implement the provisions of the Headquarters Regulation. The name of your designee is requested by 28 August 1981. I will ask the task force to attempt to complete its work by 16 October 1981. Because of the importance of this project, I have assigned the Chief of my Procurement Management Staff, [redacted] who will report directly to me in his role as Task Force Chairman. Readers of this memorandum are asked to consider its content as sensitive and for internal use only until such time as the task force has completed its work. Handling of the information on this basis will reduce correspondence, protests, or other communication from outside suppliers that would be disruptive to task force efforts.

STAT

/s/ James H. McDonald

James H. McDonald

Atts:

- A - C/OS/ODP memo dtd 21 April 81
- B - ISSG/OS memo dtd 9 June 81

cc: General Counsel

DDA
DDSGT
DDO

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